

AREA CREDIT UNION

1401 FAIRFAX RD, E-100
KANSAS CITY, KS. 66115

913-371-1345
www.areacu.com

August 7, 2009

The staff and Board of Directors of Area Credit Union ask that you give an extension of time to become compliance to the new Reg. Z 21 day ruling in order for our account system to develop a sound and inexpensive way to comply.

We are a small credit union with assets of 7 million. We do not have credit cards or checking accounts, but we do have low rate open-end loans, which must be approved for each addition to the loan.

Over half of our members are on automatic payment thru a payroll deduction system and about 1/5 of the remaining loans are on a ACH program which comes to us from their checking account or other sources.

When a member request a loan from us, we work with them to set the due date 30 days or more, whichever works best for them. Our dates are anywhere from the 1st to the 31st. Because we don't have checking and only about 25 members have ACH debits to their account we mail few monthly statements. Most of our member's statements are sent quarterly.

Our accounting system is not set up to send a monthly statement. Our loans are not reported late until it is over 30 days. We send 2 notices within 10 days of the due date to our members and many times we will call them as well. A late fee of 5% of the payment not to excess \$15 is added after 15 days. Our accounting service is working hard to get their system set up to send monthly statements as required but it seems to be impossible to complete by the required date. The cost for us to comply will be about \$200.00 a month. We are a small credit union. When housing took a turn for the worst, even though we were not caught directly, US Central was, which cost us indirectly thru the insurance, interest rates on our investments started dropping, and members stopped borrowing, all of which lowered our income. We serve mostly low and middle class income and they rely on us to pay a good dividend on their savings. We can see the turning point but we are still pushing our budget to stay in the black and cannot endure another cost or the loss of the late fees. This may cause us to merge with another credit union.

So we ask, please consider a delay in the time to comply. Open-end loans were added at the last minute and there were no notices to us, CUNA, or NCUA.

Sincerely,

Cynthia A Olson
Manager